
OLR Bill Analysis

SB 537

AN ACT ESTABLISHING A BROKER BETWEEN EB-5 VISA APPLICANTS AND BUSINESSES SEEKING CAPITAL.

SUMMARY:

This bill requires the economic and community development commissioner to establish a program matching Connecticut residents and businesses seeking venture capital investments with foreigners seeking to make such investments under the federal EB-5 Immigrant Investor Program. The federal program grants foreigners permanent resident visas if (1) they make the minimum required investment (\$1 million or \$500,000 depending on the area) in a U.S. business or a EB-5 Regional Center and (2) the investment results in at least 10 full-time jobs. The commissioner must establish the program within available appropriations and charge service fees that cover its administrative costs.

The commissioner must also apply to the United States Citizenship and Immigration Services (USCIS) to designate the program as an EB-5 Regional Center, which identifies investment opportunities; offers them to immigrant investors; and ensures compliance with the law's minimum investment, job creation, and other requirements. Businesses receiving investments through these centers must generate enough revenue from export sales to directly or indirectly create at least 10 new jobs. USCIS authority to designate regional centers expires September 30, 2015 (P.L. 112-176).

EFFECTIVE DATE: October 1, 2013

BACKGROUND

EB-5 Program (8 USC § 1153(b)(5))

The program offers permanent-resident visa status to foreign investors who invested, or are in the process of investing, the

minimum required amount in a new commercial enterprise, including an (1) original business, (2) existing business being restructured or reorganized into a new commercial enterprise, or (3) existing business undergoing major expansions. EB-5 applicants must prove that their investments will benefit the U.S. economy and directly create at least 10 full-time jobs.

The program's minimum required investments vary depending on the location of the business receiving the investment and the location's employment rate. For most locations, the minimum required investment is \$1 million. In federally-defined rural or high unemployment areas (i.e., Targeted Employment Areas), the minimum is \$500,000.

Regional Centers

An EB-5 Regional Center is a public or private entity involved in creating jobs, promoting economic growth, increasing export sales, improving regional productivity, and increasing domestic capital investments.

Under federal law, an entity applying for a regional center designation must submit a proposal to USCIS, supported by economically or statistically valid forecasting tools, showing:

1. how it plans to focus on and promote economic growth in a U.S. geographical region,
2. how jobs will be created directly or indirectly through capital investments,
3. the amount and source of capital committed to the regional center,
4. the promotional efforts made and planned for the business project, and
5. how the center will have a positive impact on the regional or national economy.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/14/2013)